

MASI gains

The MASI lost 0.03% to close the week at 19,948.97 points. A total of 61,302,913 shares were traded at a value of K560.65m compared to 13,323,510 shares transacted at a consideration of K367.78m the previous week. Year to date return on the MASI stands at 49.76% (2016: -7.37%). (Source: MSE).

Corporate update

NICO Holdings plc reported a group profit after tax of K4.3b (2016: K2.7b) representing 59% increase from the previous period. The positive performance has been attributed to the improvement in the macro-economic fundamentals in Malawi and other countries that they operate in.

August 2017 headline inflation hits single digit

August 2017 inflation stands at 9.30% compared to 22.8% for August 2016. There was a decline of 0.9% from July 2017. Urban and rural inflation rates stand at 8.9% and 9.8% respectively. Overall, food inflation stands at 6.2% from 7.4% while Non-food inflation stands at 12.2% from 12.7% in July 2017. (Source: NSO). We expect the declining inflation trend to have a dampening impact on interest rates as monetary authorities are likely to reduce the policy rate further at the next Monetary Policy Committee meeting scheduled for October 2017.

Kwacha exchange rate movement

During the week, the Kwacha was fairly stable against the USD but depreciated against the GBP and appreciated against the ZAR and the EUR. The depreciation against the GBP could be a reaction from the anticipated increase in the policy rate by the Bank of England to fight inflation at 2.9% against the target of 2%. However, at its meeting on 14th Sept. 2017, the Bank of England MPC voted to keep the rate at 0.25% (BOE website). Gross official reserves increased to USD735.65m (3.52 months of imports) as at 13th September 2017 from USD656.91m (3.14 months of imports) recorded on 6th September, 2017. The increase in reserves is as a result of USD84m budgetary support receipt from the World Bank which was disbursed during the previous week. In the short to medium term, we expect the Kwacha to be fairly stable against major currencies due to foreign aid support from development partners.

Treasury Bill

The Treasury Bill auction held during the week raised K1.9b. The average yield marginally decreased to 15.70% from 15.71% recorded during the previous week. The auction registered a 59.32% overall rejection rate. The 91 days' tenor registered a 100% rejection rate. (Source: RBM). We expect Treasury Bill yields to continue declining following the falling trend of inflation.

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Interbank market

Liquidity decreased to a daily average of K4.6b during the week from K17.05b the previous week. The weekly average overnight interbank rate decreased to 16.1% from 16.9%. Total volume traded on the interbank market to Thursday was K18.8b from K15.5b the previous week. Access to the Lombard Facility was at K0.5b from K6.4b last week. Total maturities for the week amounted to K67.7b. RBM withdrew K56.5b from the market through OMOs at an average rate of 16%. (Source:RBM).

Market indices			
	15-Sep-17	% pts Δ	8-Sep-17
MASI	19948.97	⬇️ -0.03%	19955.52
DSI	15700.84	⬇️ -0.03%	15706.05
FSI	2425.75	➡️ 0.00%	2425.75
Market capitalisation (K' b)	10,386.17	⬇️ 0.00%	10,386.46
Deals	24	⬇️ -22.58%	31
Value of shares traded (K' m)	560.65	⬆️ 52.44%	367.78
Gainers			
	Current price (K)	Δ	Previous price (K)
NICO	33.99	⬆️ 17.21%	29.00
NBS	7.00	⬆️ 1.74%	6.88
Losers			
	Price (K)	Δ	Previous price (K)
Standard Bank	600.00	⬇️ -3.98%	624.90
Treasury Bill yields			
	12-Sep-17	Δ	5-Sep-17
91	0.00%	⬇️ -15.58%	15.58%
182	15.40%	⬇️ -0.10%	15.50%
364	16.00%	⬇️ -0.03%	16.03%
All-type	15.70%	⬇️ -0.01%	15.71%
Overall rejection rate	59.32%	⬆️ 39.46%	19.86%
Alloted (K' b)	1.90	⬇️ -62.96%	5.13
Expected maturities			
Week ending	15-Sep-17	22-Sep-17	29-Sep-17
TBs, PNs & TNs	3,652	4,487	15,745
OMO	67,659	18,241	23,318
Inflation rates			
Month	Jul-17	Δ	Aug-17
Rate	9.30%	⬇️ -0.90%	10.20%
RBM - mid exchange rates			
Currency	15-Sep-17	Δ	8-Sep-17
USD	725.50	⬇️ 0.00%	725.48
GBP	971.88	⬇️ 1.94%	953.43
ZAR	55.31	⬆️ -2.58%	56.77
EUR	864.14	⬆️ -1.41%	876.53
Gross official foreign exchange reserve position			
	13-Sep-17	6-Sep-17	29-Aug-17
Reserves (USD'm)	735.65	656.91	669.74
Import cover (months)	3.52	3.14	3.2

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